

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6394

BILL NUMBER: SB 31

NOTE PREPARED: Feb 19, 2008

BILL AMENDED: Feb 18, 2008

SUBJECT: State Highway Property Acquisition.

FIRST AUTHOR: Sen. Zakas

FIRST SPONSOR: Rep. Dembowski

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) The bill establishes notice and hearing procedures applying to the establishment by the Indiana Department of Transportation (INDOT) of rights-of-way for additions to the state highway system. It also requires INDOT to comply with certain notification procedures relating to compensation to owners for damage done to real property by the department during the acquisition process.

Effective Date: July 1, 2008.

Explanation of State Expenditures: (Revised) Costs for establishing a right-of-way for additions to the state highway system could increase for INDOT to adopt guidelines to determine whether a project constitutes an addition to the state highway system, hold hearings, record documents, publish notices, and to notify the owner or occupant of a property concerning damage that occurs as a result of the acquisition of the property for the right-of-way or a highway purpose. Also, the bill specifies the date on which the fair market price for property purchased or taken by eminent domain is determined. INDOT is funded by both state General Fund and, for highways, the Motor Vehicle Highway Account.

Background: The bill requires INDOT to conduct a public hearing in at least one county in which the right-of-way is located and publish notice of the meeting in two newspapers of the county, if available, where the meeting is conducted. If the locations and widths of the additions are established, INDOT has to provide a map of the property to be acquired and then, once approved at the public meeting, record the approval and the map with the recorder in each county in which property is to be acquired. INDOT also must announce the recording in each county where the approval and map are recorded.

(Revised) INDOT must notify the owner of property that is going to be acquired for a right-of-way about the owner's right to compensation and the procedure to obtain compensation, and contact information for a person or office within INDOT to which the owner may direct questions. INDOT must pay any compensation awarded within 30 days of an agreement for compensation or a court order.

The bill specifies that the fair market value for purchased property is the date of purchase, while the fair market value for property acquired by eminent domain is determined on the date the complaint in condemnation is filed. For agricultural land, the fair market price is determined under IC 32-24-1 concerning eminent domain.

In 2007, expenditures from the Joint Federal & State Allotment Right-of-Way Account of the state General Fund totaled \$79.9 M for land and structures. The amount included \$11.5 M for condemnation, \$41.7 M for land purchases, \$2.2 M for highway relocation expenses, and \$5.1 M in other associated costs.

Explanation of State Revenues:

Explanation of Local Expenditures: The determination of fair market value discussed above applies to counties and municipalities.

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of Transportation.

Local Agencies Affected: Counties and municipalities where a right-of-way is located.

Information Sources: FY 2007 Revenue Trial Balance for INDOT, Joint Right-of-Way.

Fiscal Analyst: Karen Firestone, 317-234-2106.